COMMITTEE REPORT NO. 5 - 14 (3) TABLED ON FEB 16 2001

Northwest Territories Legislative Assembly

Standing Committee on Accountability and Oversight

2001-2002 Main Estimates

Chair: Mr. Charles Dent

Northwest Territories Legislative Assembly
Standing Committee on Accountability and Oversight

February 15, 2001

THE HONOURABLE ANTHONY (TONY) WHITFORD, MLA
SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Accountability and Oversight has the honour of presenting its Report on the Review of the 2001-2002 Main Estimates, and commends it to the House.

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Standing Committee on Accountability and Oversight
Report on the 2001/2002 Main Estimates

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Standing Committee on Accountability and Oversight Report on the 2001/2002 Main Estimates

Government-wide Issues

Introduction

The Standing Committees of the Legislative Assembly of the Northwest Territories met from January 15 through January 25, 2001 to review the 2001-2002 Draft Main Estimates for the different Government of the Northwest Territories departments. The 2000-2001 fiscal year was the first time that the Government of the Northwest Territories used tangible capital asset accounting. As we enter into the second year of implementation, adjustments within amortization figures continue to occur. The recent Collective Agreement between the Union of Northern Workers (UNW) and the Government of the Northwest Territories has resulted in changes in all departments' operations expenses since the 2001/2004 Business Plans. Overall, the collective agreement is estimated to cost the GNWT approximately $7.4 million for the 2000-2001 fiscal year and $13.1 million in the 2001-2002 fiscal year.

Other partners in the review of the GNWT departmental business plans and main estimates are the Standing Committee on Governance and Economic Development and the Standing Committee on Social Programs. Each Standing Committee prepares a report covering the review of departments within their envelope and presents their report to the House. Issues that are government-wide in nature were identified and brought forward for this Committee to address.

Cumulative Impact of the Program and Functional Review

The Standing Committee met at the end of November to study the Program and Functional Review. The Committee is concerned that fee increases presented in the Program and Functional Review will have a "trickle down" effect and end up on the backs of the residents who are already facing increased costs of living. Arising from the November meeting was a request for government to complete two assessments. The Committee has received the first assessment on the impact on northern businesses. **The second assessment on the impact on individuals and families that reside within the NWT has yet to be received.** The Committee looks forward to receiving this information and notes that, for some departments, there have already been fee

increases arising from the Program and Functional Review, incorporated into the 2001-2002 Draft Main Estimates.

"Other Expenses"

In the financial reporting for the departments, operations expenses are separated into control objects that include compensation and benefits, grants and contributions, other expenses, and amortization. As was the case in the *Report on the Review of the 2000-2003 Business Plans and the 2000-2001 Main Estimates,* the Committee notes the lack of justification supplied for the control object "other expenses".

The Committee is of the opinion that the "other expenses" should be subdivided and more detail supplied. For the 2001-2002 Main Estimates, the Department of Education, Culture and Employment has identified $31.3 million and the Department of Health and Social Services has allocated $29.2 million for the control object "other expenses". These amounts are more than the total budgets requested by some departments.

The Committee repeats the recommendation made in its *Report on the Review of the 2000-2003 Business Plans and the 2000-2001 Main Estimates:*

> ***The Standing Committee on Accountability and Oversight recommends that the Government develop more detailed subcategories for the control object "other expenses" to justify the request for funds; and further that, where possible, these categories be consistent across Government; and further that, one of the categories should cover items on the controllable asset inventory list that are now, under the new Tangible Capital Asset Accounting system, considered as an Operations Expense.***

Forced Growth

As identified in the review of the 2001/2003 Business Plans, the Committee again noticed the lack of identification of forced growth items by the departments. It is common knowledge that rising fuel prices will affect departmental budgets. When forced growth items, like increased fuel costs, are not addressed it is difficult for programs and services to operate within their budgets. The Committee is concerned that supplementary appropriations will have to be put forward to meet budget shortfalls. **The Committee is of the opinion that this is poor fiscal planning and would like forced growth areas to be identified and addressed in future budget exercises.**

Vacant Positions:

As was the case in *the Report on the Review of the 2000/2003 Business Plans and the 2000/2001 Main Estimates,* the Committee again notes that salary dollars from vacant positions are being used to cover funding shortfalls. When positions are held vacant, programs and services suffer. Smaller communities are impacted more when positions are not filled, as there are fewer people to cover off the duties of the vacant positions. This often means that programs and services are offered at a reduced level or not at all. Members feel that monies approved by the Legislative Assembly for salary purposes should be used for such.

Ministerial Committees

During the fiscal overview of the 2001-2002 Draft Main Estimates, presented by the Premier, the Minister of Finance, the Secretary to the FMB, and the Secretary to Cabinet, it came to the attention of Members that three ministerial committees have been formed. One ministerial committee addresses political development, devolution, resource revenue sharing and economic development. The second committee deals with social issues and the third focuses on maximizing employment. It was indicated that the purpose of the ministerial committees was to "develop the ideas, the process, the procedures then take it forward to Cabinet for approval".

Members and the Standing Committees wish to be informed of the processes and procedures for the new ministerial committees. There is also a need to decide the reporting relationships between the different Standing Committees and their ministerial committee counterpart. **The Standing Committee on Accountability and Oversight requests a briefing on the roles, responsibilities, processes and procedures for the three ministerial committees. The Standing Committee looks forward to working with Cabinet to define reporting relationships with the new ministerial committees.**

Governance Issues

The Committee Members noted that there are many competing processes underway that will determine how healthcare and social services will be delivered in the future.

Some, such as how self-government or land-claim agreements will affect service delivery, have yet to be determined. Another example of a process that may ultimately affect how healthcare will be delivered is the regional capacity study presently underway. Finally, Members are also aware of considerable interest at the community and regional level in the Community Service Board model of service delivery.

With the announcement of a system-wide review of healthcare sustainability in the Northwest Territories, which has become known as the "Cuff Report", Members are

questioning the linkages between all of the competing governance efforts underway. The Standing Committee can see no indication that there is any coordinated effort within the Social Program Envelope or on a government-wide basis.

The Standing Committee on Accountability and Oversight would like to be informed on which government department is coordinating all of the governance efforts that are presently underway and how the Government sees them to be related.

Devolution and Revenue Sharing

The Committee is encouraged by advances to date on negotiations between the GNWT and Aboriginal groups but also expresses concern that the pace of discussions is lagging. These talks are vital to the GNWT's long term fiscal stability and program delivery to all residents. The Committee looks forward to continuing progress at the next Intergovernmental Forum, expected in March 2001.

Sport and Recreation

The Members are concerned over the public's increasing dissatisfaction with sport and recreation in the Northwest Territories. The government has decreased its formal support for sport and recreation and appears to be relying on community recreation coordinators, outside agencies and volunteers to deliver programs. It is acknowledged that the Department of Municipal and Community Affairs is working on a sports and recreation policy framework. Sport and recreation organizations already know what programs, services and funding are required. The Members hope that the policy framework reflects that sport and recreation in the communities requires assistance, not more regulations. **The Standing Committee will be arranging briefings from the Department of Municipal and Community Affairs, the Aboriginal Sport Circle Sport North and any other agencies deemed appropriate.**

Hydro Development

The Committee observes that the Talston River hydro project is under the jurisdiction of the Financial Management Board Secretariat. When questioned why the authority lay with FMBS rather than RWED or NWTPC, FMBS replied that this is an overall government issue and it would have a large financial impact. Members are convinced that hydro development is a complex issue and wonder why the government is in such a hurry to proceed. A great deal of research, and consultation with Aboriginal partners are required before any project can go ahead. **Further, as most of the power will be sold to Alberta, the Committee encourages Cabinet to proceed with extreme caution; we do not wish to end up in a predicament similar to the one that exists between Quebec and Newfoundland/Labrador.**

Transportation Strategy

During the Main Estimates review, the Department of Transportation introduced its proposed transportation strategy to the Standing Committee on Governance and Economic Development. The strategy would introduce a user fee of 5 cents per tonne per kilometer for commercial traffic on territorial highways and is projected to generate 15 million dollars in revenue that would be directed specifically for the territorial highway system. A user fee would not affect federal funding transfers to the territorial government. The strategy is expected to cost 100 million dollars over the next four years. User fees would be managed from a dedicated highway investment fund trust and leveraged to meet initial capital requirements.

Due to the significant impact of this initiative upon our northern economy and cost of living, the Committee referred this issue to the Standing Committee on Accountability and Oversight in order to extend discussion to other Members of the Legislative Assembly. The Department of Transportation and the Department of Finance has recently given a presentation on the proposed transportation strategy and cost of living tax credit for NWT residents to the Standing Committee on Accountability and Oversight.

Conclusion

The Government of the Northwest Territories has presented a budget of $783,773,000 for the 2001-2002 fiscal year; an increase of $26,288,000 from the Main Estimates of last year. Due to the recent UNW Collective Agreement reached with the GNWT in December 2000, all departments adjusted their draft budgets that were presented during the review of the 2001/2004 Business Plans in October 2000.

In this section of the report, the Standing Committee has highlighted issues and concerns that have been identified by other Standing Committees or Members as having government-wide implications. Further recommendations, issues and concerns are contained in the reports of the other Standing Committees.

Review of the Legislative Assembly Main Estimates

The Standing Committee on Accountability and Oversight met with the Speaker and his staff to review the Draft 2001-2002 Main Estimates on the 15 January 2001. The Office of the Legislative Assembly is divided into five ongoing activities: Office of the Speaker, Office of the Clerk, Expenditures on Behalf of Members, Office of the Chief Electoral Officer and Commissioner of Official Languages. The Access to Information and Protection of Privacy Commissioner and Conflict of Interest Commissioner are included in the Office of the Clerk.

Business Plan and Main Estimates Review

The review of the draft Government Business Plans and Main Estimates by Standing Committees is an integral part of the annual budget development process. Business planning is crucial as a planning process and as a means to arrive at the budget figures presented in the Main Estimates.

Since the review of the 2001/2004 Legislative Assembly Business Plans the Committee noted a number of changes to the figures proposed for the 2001-2002 Main Estimates.

- As a result of the recent collective bargaining agreement that was ratified by the UNW in December, there has been a forced growth increase of $226,000; $128,000 was for the 2000-2001 fiscal year and $98,000 for the 2001-2002 fiscal year.

- There has been an increase of $131,000 for the Office of the Languages Commissioner, $5,000 of which can be attributed to the UNW agreement.

- The Committee also observed a reduction of $134,000 for the Office of the Chief Electoral Officer and a minor change in amortization figures.

Conservation and Reduction in Energy Consumption

The Committee is concerned that the rising cost of fuel will have an adverse affect upon the budgets of all government departments. Rising costs of necessary items such as fuel will affect the already sadly depleted program and service funding. The Committee is of the opinion that new programs and procedures to reduce energy consumption should be pursued. Upon raising the issue of energy conservation with the Speaker of the Legislative Assembly, the Committee was assured that the Legislative Assembly building is a new facility that employs modern, energy efficient systems. Little could be done to further reduce the consumption of energy in the building.

The Committee is of the opinion that more can be done. There are other methods and means to increase the energy efficiency of the building; examples are solar panels and energy conservation education programs for occupants of the building. As a Legislature, we should be setting an example for government and the people of the Northwest Territories. **The Committee requests that an energy conservation plan for the Legislative Assembly building and its occupants be developed and presented as part of the 2002/2005 Business Plans.**

Budget Changes - Office of the Languages Commissioner and Office of the Chief Electoral Officer

As a result of their review of the Languages Commissioner's Business Plan, the Committee recommended the budget for the office be increased by $126,000 to cover additional costs of a new research analyst position, new sections for the website, purchased services, a newsletter and Advisory Board Meetings. The Committee is pleased to note that this recommendation has been implemented in the 2001-2002 Main Estimates for the Legislative Assembly.

The Committee further notes that, since the presentation of the 2001/2004 Business Plan, there has been $134,0000 removed from the budget of the Office of the Chief Electoral Officer. As the cost for the Elections Office is cyclical, the present situation allows for monies budgeted to this activity to be reallocated. However, the monies that have been reallocated from the Office of the Chief Electoral Officer will become part of the base budget of other offices within the Legislative Assembly. **The Members have noted that, as an election year approaches, it will be necessary to increase the budget for this office. As monies identified for this activity have been reallocated, new money will have to be requested.**

Conclusion

The Committee also notes that there were a number of commitments made during the review of the Legislative Assembly Business Plan that will require action in the upcoming year. The Members look forward to receiving information on the Public Affairs strategy; school information packages; analysis of the demand on Research and Library Services; cultural awareness training for staff; and plans to impart corporate knowledge to more staff.